

**Sci-Port, Louisiana's Science Center
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended June 30, 2012 and 2011

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana

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Independent Auditors' Report

To the Board of Directors
Sci-Port, Louisiana's Science Center
Shreveport, Louisiana

We have audited the accompanying statements of financial position of Sci-Port, Louisiana's Science Center (a nonprofit organization), as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Sci-Port, Louisiana's Science Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Sci-Port, Louisiana's Science Center, as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2013, on our consideration of Sci-Port, Louisiana's Science Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Cook & Morehart
Certified Public Accountants
January 14, 2013

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Statements of Financial Position
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 198,985	\$ 227,557
Accounts receivable	15,009	20,145
Grants receivable	5,577	17,824
Promises to give	78,284	100,136
Prepaid expenses	20,853	6,857
Inventory	24,990	30,483
Total current assets	<u>343,698</u>	<u>403,002</u>
Other assets:		
Endowment cash and cash equivalents	38,500	38,500
Long-term promises to give	114,657	155,574
Total other assets	<u>153,157</u>	<u>194,074</u>
Property and equipment:		
Fixed assets	12,070,164	12,102,659
Accumulated depreciation	(6,336,140)	(5,739,040)
Total property and equipment	<u>5,734,024</u>	<u>6,363,619</u>
Total Assets	<u><u>\$ 6,230,879</u></u>	<u><u>\$ 6,960,695</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 401,599	\$ 291,783
Accrued liabilities	190,387	163,263
Line of credit	30,000	
Deferred revenue	20,631	34,501
Total current liabilities	<u>642,617</u>	<u>489,547</u>
Net assets:		
Unrestricted	5,264,899	5,968,157
Temporarily restricted	284,863	464,491
Permanently restricted	38,500	38,500
Total net assets	<u>5,588,262</u>	<u>6,471,148</u>
Total Liabilities and Net Assets	<u><u>\$ 6,230,879</u></u>	<u><u>\$ 6,960,695</u></u>

The accompanying notes are an integral part of the financial statements.

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, support and reclassifications:				
Grants	\$ 1,125,966	\$ 43,157	\$	\$ 1,169,123
Admissions	1,175,178			1,175,178
Memberships	336,016			336,016
School partners	95,803			95,803
Summer camp and camp-ins	114,993			114,993
Birthday parties	81,126			81,126
Gift shop revenue	170,146			170,146
Food service	70,613			70,613
Special events	68,807			68,807
Fund raising event	138,997			138,997
Contributions:				
<i>Space Center expansion project</i>				
Other	237,273	95,000		332,273
Interest income	223			223
Other revenue	82,086			82,086
Net assets released from restrictions:				
Satisfaction of restrictions	317,785	(317,785)		
Total revenues, support and reclassifications	<u>4,015,012</u>	<u>(179,628)</u>		<u>3,835,384</u>
Expenses and losses:				
Program services				
Exhibits and programs	2,879,125			2,879,125
Marketing	165,803			165,803
Operation	710,718			710,718
Gift shop	154,516			154,516
Total program services	<u>3,910,162</u>			<u>3,910,162</u>
Supporting services				
Administrative and general	657,519			657,519
Development	150,589			150,589
Total supporting services	<u>808,108</u>			<u>808,108</u>
Total operating expenses	<u>4,718,270</u>			<u>4,718,270</u>
Changes in net assets	(703,258)	(179,628)		(882,886)
Net assets as of beginning of year	<u>5,968,157</u>	<u>464,491</u>	<u>38,500</u>	<u>6,471,148</u>
Net assets as of end of year	<u>\$ 5,264,899</u>	<u>\$ 284,863</u>	<u>\$ 38,500</u>	<u>\$ 5,588,262</u>

The accompanying notes are an integral part of the financial statements.

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, support and reclassifications:				
Grants	\$ 1,025,787	\$ 177,856	\$	\$ 1,203,643
Admissions	705,745			705,745
Memberships	333,125			333,125
School partners	101,969			101,969
Summer camp and camp-ins	103,939			103,939
Birthday parties	80,782			80,782
Gift shop revenue	157,102			157,102
Food service	61,932			61,932
Special events	27,490			27,490
Fund raising event	1,316			1,316
Contributions:				
<i>Space Center expansion project</i>	5,870			5,870
Other	221,643	215,192		436,835
Interest income	337			337
Other revenue	114,760			114,760
Net assets released from restrictions:				
Satisfaction of restrictions	447,989	(447,989)		
Total revenues, support and reclassifications	<u>3,389,786</u>	<u>(54,941)</u>		<u>3,334,845</u>
Expenses and losses:				
Program services				
Exhibits and programs	2,284,701			2,284,701
Marketing	225,389			225,389
Operation	642,521			642,521
Gift shop	133,680			133,680
Total program services	<u>3,286,291</u>			<u>3,286,291</u>
Supporting services				
Administrative and general	537,396			537,396
Development	111,967			111,967
Total supporting services	<u>649,363</u>			<u>649,363</u>
Total operating expenses	<u>3,935,654</u>			<u>3,935,654</u>
Other expenses and losses				
Transfer to Sci-Port Foundation	100			100
Total expenses and losses	<u>3,935,754</u>			<u>3,935,754</u>
Changes in net assets	(545,968)	(54,941)		(600,909)
Net assets as of beginning of year	<u>6,514,125</u>	<u>519,432</u>	<u>38,500</u>	<u>7,072,057</u>
Net assets as of end of year	<u>\$ 5,968,157</u>	<u>\$ 464,491</u>	<u>\$ 38,500</u>	<u>\$ 6,471,148</u>

The accompanying notes are an integral part of the financial statements.

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2012

	Program Services				Supporting Services				
	Exhibits and Programs	Marketing	Operation	Gift Shop	Total Program Services	Administrative and General		Total Supporting Services	Total Expenses
						Development			
Operating:									
Personnel benefits and related costs	\$ 1,410,820	\$ 41,633	\$ 142,136	\$ 61,072	\$ 1,655,661	\$ 350,867	\$ 101,359	\$ 452,226	\$ 2,107,887
Office supplies and postage	9,836	5,226	340	2,937	18,339	14,453	975	15,428	33,767
Printing and program support service	32,475	358		165	32,998	25,677	1,449	27,126	60,124
Operation services	14,589		364,692		379,281	21,734		21,734	401,015
Public relations and advertising	119,282	103,799			223,081		1,475	1,475	224,556
Professional and support services	114,858	8,741	67,882		191,481	157,833	6,903	164,736	356,217
Maintenance and repair services	13,491		34,550		48,041				48,041
Depreciation expense	504,045		101,118		605,163	68,282		68,282	673,445
Cost of programs	659,729	6,046		90,342	756,117	18,673	38,428	57,101	813,218
Total operating expenses	\$ 2,879,125	\$ 165,803	\$ 710,718	\$ 154,516	\$ 3,910,162	\$ 657,519	\$ 150,589	\$ 808,108	\$ 4,718,270

The accompanying notes are an integral part of the financial statements.

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2011

	Program Services				Supporting Services				
	Exhibits and Programs				Total Program Services	Administrative and General		Total Supporting Services	Total Expenses
		Marketing	Operation	Gift Shop		Development			
Operating:									
Personnel benefits and related costs	\$ 1,266,729	\$ 38,122	\$ 127,693	\$ 60,182	\$ 1,492,726	\$ 272,116	\$ 93,288	\$ 365,404	\$ 1,858,130
Office supplies and postage	4,172	9,330	799	2,337	16,638	13,591	2,348	15,939	32,577
Printing and program support service	14,766	1,093		67	15,926	24,115	3,158	27,273	43,199
Operation services	54,068		304,934		359,002	36,842		36,842	395,844
Public relations and advertising	2,875	168,083			170,958				170,958
Professional and support services	58,001	5,865	59,045		122,911	122,614	4,173	126,787	249,698
Maintenance and repair services	16,286		48,931		65,217				65,217
Expansion project cost	89				89				89
Depreciation expense	508,125		101,119		609,244	56,427		56,427	665,671
Cost of programs	359,590	2,896		71,094	433,580	11,691	9,000	20,691	454,271
Total operating expenses	\$ 2,284,701	\$ 225,389	\$ 642,521	\$ 133,680	\$ 3,286,291	\$ 537,396	\$ 111,967	\$ 649,363	\$ 3,935,654

The accompanying notes are an integral part of the financial statements.

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Activities		
Changes in net assets	\$ (882,886)	\$ (600,909)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	673,445	665,671
(Gain)/Loss on retirement of property and equipment	18,541	2,225
(Increase) decrease in operating assets:		
Accounts and grants receivable	17,383	63,575
Promises to give	62,769	(108,377)
Prepaid expenses	(13,996)	17,056
Inventory	5,493	(18,303)
Increase (decrease) in operating liabilities:		
Accounts payable	109,816	(20,279)
Accrued liabilities	27,124	7,976
Deferred revenue	(13,870)	8,188
Net cash provided (used) by operating activities	<u>3,819</u>	<u>16,823</u>
Investing Activities		
Purchases of property and equipment	<u>(62,391)</u>	<u>(128,236)</u>
Net cash used in investing activities	<u>(62,391)</u>	<u>(128,236)</u>
Financing Activities		
Proceeds from line of credit	130,500	
Payments on line of credit	(100,500)	
Net cash provided by (used in) financing activities	<u>30,000</u>	
Net increase (decrease) in cash	(28,572)	(111,413)
Cash and cash equivalents as of beginning of year	<u>227,557</u>	<u>338,970</u>
Cash and cash equivalents as of end of year	<u>\$ 198,985</u>	<u>\$ 227,557</u>

Supplemental Disclosure:

Cash paid for interest during the year ended June 30, 2012 totaled \$616.

The accompanying notes are an integral part of the financial statements.

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Sci-Port, Louisiana's Science Center, (Sci-Port), is a private nonprofit organization incorporated November, 1988, under the laws of the State of Louisiana. Sci-Port is governed by a Board of Directors.

Sci-Port provides an educational and entertaining environment for people of all ages to explore and actively participate in the world of science and technology. Sci-Port develops a comprehensive view of the world through the interaction of science and the humanities and serves as a catalyst to encourage lifelong learning. Sci-Port's support comes primarily from donor contributions, government grants, admissions and memberships and other attendance based income.

The following program and supporting services are included in the accompanying financial statements:

Exhibits and Programs – Encourages people of all ages to have a better understanding of science through a variety of educational programs including birthday parties, summer camps, public and school workshops, Imax films, interactive programs, exhibit demonstrations, and various outreach activities provided both within and outside the science center.

Marketing – Provides promotions, advertising, newsletters and services necessary to inform the public about the Center's programs and to expand its audiences.

Operations – Provides the services and functions necessary to operate and maintain the building.

Gift Shop – Accounts for the operation of a gift shop within the Center that sells various science related items.

Management, Administrative and General – Includes the functions necessary to provide coordination and implementation of Sci-Port's mission and program strategy; support administrative governance of the Board of Directors; manage the financial and budgetary responsibilities of Sci-Port and promote the Center's programs to a broad based audience.

Development – Provides the services necessary to encourage and secure private financial support from individuals, foundations, and corporations, as well as efforts to obtain government funding and other grants.

B. Basis of Accounting

The financial statements of Sci-Port have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

D. Income Tax Status

Sci-Port is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Sci-Port's tax-exempt purpose is subject to taxation as unrelated business income. Sci-Port had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2009, 2010, 2011, and 2012 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Sci-Port considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

H. Inventory

Inventory consists of various small items held for resale in the gift shop contained in the science center. Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

I. Property and Equipment

Sci-Port capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Sci Port reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Sci Port reclassifies temporarily restricted net assets to unrestricted net assets at that time. Leasehold improvements are capitalized and amortized over the term of the lease or the estimated useful life of the improvements, whichever is less. Exhibits with a limited display life have been capitalized and amortized over their useful lives. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

J. Deferred Revenue

Income from summer camp registration fees, birthday party deposits, and grants not yet expended are deferred and recognized over the periods to which the amounts relate.

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

K. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

L. Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Sci-Port.

M. Donated Assets

Noncash donations are recorded as contributions at their estimated fair value at the date of donation.

N. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Sci-Port reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Sci-Port reclassifies temporarily restricted net assets to unrestricted net assets at that time.

O. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

P. Retirement Obligations

Sci-Port offers a 401(K) plan for its employees. Employees with at least one year of service may contribute up to 15% of their gross wages to the plan. Sci-Port will match the employees' contributions at \$.50 on the dollar up to 3% of the employees' gross wages. The amount contributed to the plan for the years ended June 30, 2012 and 2011 was \$22,708 and \$14,996, respectively.

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Sci-Port to concentrations of credit risk consist principally of temporary cash investments, grants receivable, and promises to give receivables. Concentrations of credit risk with respect to promises to give are limited due to the large numbers of contributors comprising Sci-Port's contributor base and their dispersion across different industries. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2012 and 2011, Sci-Port had no significant concentrations of credit risk in relation to promises to give or grants receivable. Sci-Port maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2012, Sci-Port had cash balances totaling \$235,846, all of which was secured by the FDIC. At June 30, 2011, Sci-Port had cash balances totaling \$295,592, all of which was secured by the FDIC.

(3) Promises to Give

Sci-Port conducts ongoing fund-raising campaigns to provide funds for needed exhibits, programs, equipment, and costs related to the existing facility, which opened November, 1998; to provide for ongoing programs, and to provide funding for renovations to the children's discovery area. Promises receivable, also includes the balance of promises obtained for the addition of the new space center, which opened in November, 2006. Promises receivable expected to be collected over more than one year are discounted using rates of .05% for the operating campaign, 1.90% for the space center campaign, and .09% for the project donor campaign. Amounts shown are net of an allowance for doubtful accounts of \$35,193 and \$46,270 at June 30, 2012 and 2011, respectively.

	<u>2012</u>	<u>2011</u>
Receivable in less than one year	\$ 78,284	\$ 100,136
Receivable in one to five years	121,142	162,059
Less discounts to present value	(6,485)	(6,485)
Long-term portion	<u>114,657</u>	<u>155,574</u>
Net unconditional promises to give at June 30	<u>\$ 192,941</u>	<u>\$ 255,710</u>

(4) Operating Leases

During the years ended June 30, 2012 and 2011, Sci-Port leased certain equipment under operating leases. Rental costs for the years ended June 30, 2012 and 2011 were \$16,420 and \$12,763, respectively.

Commitments under lease agreements having initial or remaining non-cancelable lease terms in excess of one year are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2013	\$ 8,548
2014	7,881
2015	7,881
2016	<u>1,970</u>
	<u>\$ 26,280</u>

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

(5) Property and Equipment

At June 30, 2012, property and equipment consisted of the following:

	<u>Estimated Useful Life</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Exhibits in progress		\$ 34,831	\$	\$ 34,831
Leasehold improvements	20 years	261,123	85,870	175,253
Vehicle	5 years	63,879	58,894	4,985
Furniture and equipment	3 – 7 years	928,086	820,509	107,577
Permanent exhibits	10 years	7,748,689	4,802,581	2,946,108
Building	30 years	<u>3,033,556</u>	<u>568,286</u>	<u>2,465,270</u>
		<u>\$ 12,070,164</u>	<u>\$ 6,336,140</u>	<u>\$ 5,734,024</u>

Depreciation expense for the year ended June 30, 2012 was \$673,445.

At June 30, 2011, property and equipment consisted of the following:

	<u>Estimated Useful Life</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Exhibits in progress		\$ 21,942	\$	\$ 21,942
Leasehold improvements	20 years	261,123	72,701	188,422
Vehicle	5 years	63,879	56,297	7,582
Furniture and equipment	3 – 7 years	924,007	786,982	137,025
Permanent exhibits	10 years	7,798,152	4,355,892	3,442,260
Building	30 years	<u>3,033,556</u>	<u>467,168</u>	<u>2,566,388</u>
		<u>\$ 12,102,659</u>	<u>\$ 5,739,040</u>	<u>\$ 6,363,619</u>

Depreciation expense for the year ended June 30, 2011 was \$665,671.

Sci-Port entered into a cooperative endeavor agreement on September 29, 1998 with the City of Shreveport to manage and operate the Sci-Port, Louisiana's Science Center facility. The term of the agreement is for ten (10) years. Subject to the consent of the City of Shreveport, Sci-Port shall have the right and option to extend the agreement for four (4) additional successive periods of five (5) years each following the expiration of the primary term. The agreement was extended in 2008 in accordance with the terms of the agreement. Certain assets consisting of buildings, structures, improvements, immovable property, furnishings, fixtures, equipment and exhibits purchased with the City of Shreveport or State of Louisiana funds are owned by the City of Shreveport.

The value of the land and buildings purchased with City of Shreveport or State of Louisiana funds and occupied or operated by Sci-Port is not included in the accompanying financial statements. Title to such land and buildings are held by the City of Shreveport.

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Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

Furnishings, fixtures, equipment and exhibits purchased with the City of Shreveport or State of Louisiana funds are included in the accompanying financial statements because, although title is held by the City of Shreveport, the full economic value of their use is now and will continue to be in perpetuity held by Sci-Port. The City of Shreveport grants to Sci-Port the exclusive rights to use those assets as long as Sci-Port operates the Discovery Center under the agreement previously mentioned. These assets consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Exhibits	\$ 1,904,834	\$ 999,414	\$ 1,963,266	\$ 939,316
Theater equipment	<u>1,410,340</u>	<u>951,980</u>	<u>1,410,340</u>	<u>881,462</u>
	<u>\$ 3,315,174</u>	<u>\$ 1,951,394</u>	<u>\$ 3,373,606</u>	<u>\$ 1,820,778</u>

Depreciation on these assets for the years ended June 30, 2012 and 2011 was \$170,057 and \$170,521, which is included in the total depreciation of \$673,445 and \$665,671 for the years ended June 30, 2012 and 2011, respectively.

Sci-Port entered into a cooperative endeavor agreement with the State of Louisiana whereby Sci-Port received capital outlay funds for construction of a new space center addition to Sci-Port's existing facility. The City of Shreveport also agreed to provide a portion of the funding for the project. Construction costs paid with capital outlay funds from the State of Louisiana and with Sci-Port donations are reflected in the accompanying financial statements. Costs of construction paid for by the City of Shreveport are not reflected in the accompanying financial statements.

Sci-Port also receives funds from the City of Shreveport and the State of Louisiana to supplement the cost of operations. These contracts are subject to annual contract renewals. To the extent that property and equipment are deemed purchased with these funds, title or ownership may revert to the City of Shreveport or the State of Louisiana.

(6) Accrued Liabilities

Accrued liabilities consisted of the following:

	<u>2012</u>	<u>2011</u>
Accrued leave payable	\$ 97,984	\$ 84,678
Accrued payroll	49,670	39,070
Payroll and sales taxes payable	<u>42,733</u>	<u>39,515</u>
	<u>\$ 190,387</u>	<u>\$ 163,263</u>

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

(7) Temporarily Restricted Net Assets

The temporarily restricted net assets at June 30, 2012 and 2011 consist of campaign donations, miscellaneous contributions, and grant funds received for specific purposes defined by the donor and grant agreements of which the restrictions were not met as of that date. Details are as follows:

	2012	2011
Space center expansion campaign	\$ 99,865	\$ 67,794
Operating campaign	28,440	134,618
Project Donor	43,401	-
IMAX renovations	20,000	20,000
After-school program	30,000	31,798
Energy chemistry exhibit	50,000	50,000
Culture and arts	-	19,305
Science of generosity exhibit	-	21,942
Hubble exhibit	-	35,282
Sustainability exhibit	-	19,700
Environmental education program		
Development	-	40,218
Paperless Sciport grant	-	9,305
Miscellaneous contributions	13,157	14,529
	<u>\$ 284,863</u>	<u>\$ 464,491</u>

(8) Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2012 and 2011, consist of contributions for an admissions endowment and contributions for an education outreach endowment. The investment earnings from these endowments are restricted for admissions assistance and education outreach.

(9) Third Party Reimbursement

During the years ended June 30, 2012 and 2011, Sci-Port received contractual revenue from state, federal, parish, and city grants in the amount of \$804,757 and \$546,214, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(10) Donated Materials, Facilities, and Services

Various materials and services were donated to Sci-Port by various individuals and organizations. Donated materials and services for the years ended June 30, 2012 and 2011 were \$131,827 and \$125,971, respectively, were recorded at fair market value at the date of donation, and have been included in revenue and expenses for this year.

In addition, during the year ended June 30, 2012 and 2011, the Caddo Parish and Bossier Parish school boards hired an employee to serve as the Sci-Port Education Coordinator. The amounts that the school boards paid for the salary and benefits of this position totaled \$194,231 and \$187,124 for the years ended June 30, 2012 and 2011, respectively. These amounts were reflected as grants revenue and education expenses.

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

(11) Sci-Port Foundation

Sci-Port Foundation is a separate tax exempt organization under Section 501 (c) (3) of the Internal Revenue Code. The Foundation was established during 2001 to support, benefit and carryout the purposes of Sci-Port, Louisiana's Science Center through encouraging, motivating and facilitating donations to the Foundation for the benefit of Sci-Port, receiving and managing funds contributed to the Foundation for the benefit of Sci-Port, and making distributions of income and principal to or for the benefit of Sci-Port.

Sci-Port Foundation and Sci-Port, Louisiana's Science Center maintain separate Boards of Directors. They do not meet the consolidation criteria.

During the year ended June 30, 2012, Sci-Port, Louisiana's Science Center did not transfer funds to the Sci-Port Foundation. During the year ended June 30, 2011, Sci-Port, Louisiana's Science Center transferred \$100 to the Sci-Port Foundation. The June 30, 2011 transfer is shown in the accompanying statement of activities under other expenses-transfer to Sci-Port Foundation.

(12) Deferred Revenue

Deferred revenue at June 30, 2012 and 2011 was comprised of the following:

	<u>2012</u>	<u>2011</u>
Contracts and grants	\$ -	\$ 26
Summer camp and camp-ins	15,796	25,667
Miscellaneous	960	2,930
Special Events	1,999	1,718
Birthday parties	1,876	4,160
	<u>\$ 20,631</u>	<u>\$ 34,501</u>

(13) Line of credit

Sci-Port has an unsecured line of credit with a local bank. Borrowings under the line are limited to a maximum of \$100,000. Interest is payable monthly at the bank's prime rate (effective rate at June 30, 2012 was 3.25%). The line of credit has a maturity date of January 11, 2014. Balance outstanding at June 30, 2012 was \$30,000; there was no balance outstanding at June 30, 2011. Interest paid during the year ended June 30, 2012, was \$616.

(14) Subsequent Events

Subsequent events have been evaluated through January 14, 2013, the date the financial statements were available to be issued.

In November 2012, Sci-Port entered into an agreement to host an exhibit during 2014. In conjunction with the exhibit, Sci-port agrees to pay a participation fee in the amount of \$85,000. The first payment of \$15,000 is due February 2013; the second payment of \$35,000 is due sixty days prior to exhibit opening; and the final payment of \$35,000 is due upon exhibit opening.

(15) Commitment

Sci-Port entered into an agreement to host an exhibit during 2013. In conjunction with the exhibit, Sci-port agrees to pay a license fee in the amount of \$120,000. Of this amount \$75,000 was paid during the year ended June 30, 2012, and the remainder of \$45,000 will be paid from the net ticket revenues generated from the exhibit.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors
Sci-Port, Louisiana's Science Center
Shreveport, Louisiana

We have audited the financial statements of Sci-Port, Louisiana's Science Center as of and for the year ended June 30, 2012, and have issued our report thereon dated January 14, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Sci-Port, Louisiana's Science Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sci-Port, Louisiana's Science Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sci-Port, Louisiana's Science Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sci-Port, Louisiana's Science Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sci-Port, Louisiana's Science Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
January 14, 2013

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor
June 30, 2012

Summary Schedule of Prior Audit Findings

There was one significant deficiency for the prior year ended June 30, 2011, as follows:

Significant Deficiency: Funds requested and received under the NASA grant were not fully expended / obligated during the grant period of August 1, 2010 through June 30, 2011.

Criteria: Grant funds should be obligated during the grant period. Funds should be requested during the time period in which they are obligated / expended.

Effect: A comparison of the amounts requested / received and the amounts obligated / expended is as follows:

Total requested / received	\$ 300,000
Total expended / obligated	<u>264,718</u>
Difference	<u>\$ 35,282</u>

Recommendation: We recommend that Sci-Port communicate with its funding source regarding the use of the excess funds which were not fully expended / obligated during the grant period.

Current Status: The funding source provided verbal approval to Sci-Port to expend the \$35,282 in the current year. Sci-Port expended those funds and filed a final report with its funding source indicating all funds had been expended.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year ended June 30, 2012.